

## Memorandum

To : Honorable Jerome E. Horton, Chairman  
Honorable Michelle Steel, Vice Chair  
Honorable Betty T. Yee, First District  
Senator George Runner, Second District  
Honorable John Chiang, State Controller

Date : March 1, 2013

From : David J. Gau, Deputy Director  
Property and Special Taxes Department



Subject : **Request for Board Support – Federation of Tax Administrators Tobacco Section Resolution**  
*Other Administrative Matters – Item P4. 2*

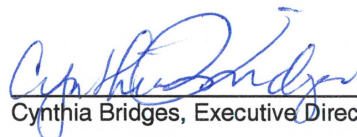
During the Federation of Tax Administrators (FTA) annual Tobacco Section's meeting in August 2012, a resolution was unanimously adopted taking the position to support all legislative efforts to amend or expand the federal Prevent All Cigarette Trafficking Act (PACT Act). The PACT Act of 2009 (Senate Bill 1147 was signed into law on March 31, 2010 and became public law 111-154), enhanced the requirements of the Jenkins Act by revising provisions governing the collection of taxes and trafficking by requiring Internet and other remote sellers of cigarettes and smokeless tobacco to comply with the same laws that apply to local cigarette and tobacco retailers.

The PACT Act has been an effective tool to assist State's efforts to minimize tax evasion, among other things, but its provisions do not extend to all tobacco products, such as cigars and pipe tobacco. The resolution (copy attached) will be presented to the FTA's executive board for consideration for formal adoption when they meet in June 2013. Accordingly, I am presenting the FTA's resolution for consideration by the Board for its support.

Please place this item on the Board's March 2013 Other Administrative Matters Calendar for approval.

Attachment  
DJG:da

Approved:

  
Cynthia Bridges, Executive Director

BOARD APPROVED  
at the \_\_\_\_\_ Board Meeting

\_\_\_\_\_  
Joann Richmond, Chief  
Board Proceedings Division

cc: Mr. Mike Gipson                      Ms. Marcy Jo Mandel  
Mr. Joel Angeles                      Ms. Joann Richmond  
Mr. Alan LoFaso                      Ms. Lynn Bartolo  
Mr. Sean Wallentine                      Ms. Debbie Kalfsbeek

**Federation of Tax Administrators  
Tobacco Tax Section  
RESOLUTION NUMBER SEVEN  
Hilton Hartford  
Hartford, Connecticut  
August 29, 2012**

**WHEREAS**, the Federation of Tax Administrators strives to promote uniformity of cigarette and tobacco tax administration, and

**WHEREAS**, the states strive to minimize tax evasion and act as an information resource for stakeholders, and

**WHEREAS**, Congress and the state legislatures have enacted cigarette and tobacco enforcement legislation to curb tax evasion and illegal trafficking in cigarette and tobacco products, such as the Jenkins Act and subsequently the PACT Act which amended and fortified the provisions of the Jenkins Act; and

**WHEREAS**, intergovernmental cooperation across state and national borders is an effective and indispensable tool in curbing illegal cigarette and tobacco trafficking and tax evasion; it has become evident that an expansion of these Acts will be necessary to encompass all tobacco products, specifically cigars and pipe tobacco; and

**WHEREAS**, despite the State's diligent efforts to implement Jenkins and PACT Act provisions to stem tax evasion and unlawful distribution, it has become increasingly evident that an expansion of these statutes is necessary to incorporate cigar and pipe tobacco product for the proper application of each State's cigarette and tobacco tax programs and to protect the retail tobacco industry.

**NOW, THEREFORE, BE IT RESOLVED**, that the delegates of the 86<sup>th</sup> annual meeting of the Federation of Tax Administrators, Tobacco Tax Section held in Hartford Connecticut adopt the position to support all legislative efforts to amend and/or expand federal statutes to incorporate cigars and pipe tobacco into the PACT Act or for the creation of an equivalent statute.

**PRESENTED** this 29<sup>th</sup> day of August 2012, at the Hilton Hartford in Hartford, Connecticut.

**The Federation of Tax Administrators – Tobacco Tax Section**

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**Jim McKeon, Secretary**